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**STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE**

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ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION

August 16, 2004

FINANCE MEMORANDUM

MEMO NO. 04-12

TO: All Department Heads

FROM: Georgina K. Kawamura
Director of Finance

SUBJECT: Evaluation of FY 04 Capital Improvement Program (CIP) Expenditures
Pursuant to Section 145.2 of the Executive Supplemental Budget Act

Section 145.2 of the Executive Supplemental Budget Act (Act 41, SLH 2004) requires that an evaluation of FY 04 CIP contract expenditures be made to determine whether the services contracted for fall within the scope of the project title and description, and that a report be submitted to the Legislature. Specifically, the proviso states:

"Provided that the department of budget and finance shall coordinate the evaluation of all executive branch agency contract expenditures for capital improvement program projects during fiscal year 2004 to determine whether the use of funds to contract services fall within the scope of the project title and description; provided further that the report shall include but not be limited to a complete list of capital improvement program projects under which expenditures were made organized by department, a list of contracts entered into, and the purpose and product derived of each expenditure; provided further that the department of budget and finance shall provide the policies used to ensure that expenditure of capital improvement program project funds are consistent with the purposes of the appropriation; and provided further that the department of budget and finance director shall submit this report to the legislature no later than August 15, 2004."

To facilitate the required evaluation and report, attached is a listing of CIP contracts for your department that were recorded by the Department of Accounting and General Services during FY 04. Please have your staff review the listed contracts to:

1. Determine if the scope of the contract is consistent with the CIP project title and description based on a literal reading of the title and description (questions on interpretation should be referred to your assigned Deputy Attorney General).
2. Provide a description of the purpose and product of the contract. An electronic file of this listing will be provided for your use to prepare the legislative report.

It is recognized that the required review will be time consuming and we will be informing the Legislature that we will not be able to meet the specified deadline. Please have your staff work with your assigned budget analyst to determine a realistic timetable for completing the review and preparing the report on your FY 04 CIP contracts.

Your cooperation in this matter is greatly appreciated.

Attachment